

# **BOARD OF INVESTMENT TRUSTEES**

MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS



**DUE DILIGENCE/CONTINUING EDUCATION POLICY**

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## **DUE DILIGENCE/CONTINUING EDUCATION POLICY**

The Board has developed the following guidelines to ensure propriety in actions taken by Board and staff, keeping in mind community values.

**OBJECTIVE:** The objectives of Board and staff are to ensure:

- Business matters pertaining to the Board's investment program are properly attended to
- Board representation at selected meetings or conferences involving matters of investment-related importance to the Employee Retirement Plans (ERP), the Board, or the Board program (e.g. annual consultant conferences and annual meetings of membership organizations)
- The Board's fiduciary responsibility related to the "prudent person rule" as set forth under state and local law is met by providing adequate educational and networking opportunities to all Board members and staff
- Compliance with the Board's Annual Fiduciary Affirmation requiring Board members take any necessary training or education opportunities and to keep current on pension and investment developments.

**REVIEW PROCESS:** Due Diligence or Continuing Education requests by a Board staff or member, when acting in his or her official capacity, as a representative of the Board, must be approved by the Board before expenses are incurred. All Board member requests will be reviewed in an Open Session of the Board meeting. In the case of a request which cannot be approved during a regularly scheduled Board meeting, a majority of the members of the Compliance & Audit Committee must approve the request. The following criteria and procedures will be used to review all requests:

### **CRITERIA:**

- must be solely in the interests of the beneficiaries and participants;
- meets Board objectives;
- costs are reasonable and within established County regulations;
- third parties may not pay for expenses including: meals, travel and lodging. Third parties may pay for conference registration, if the payment is extended to all public funds.;
- falls within County ethics guidelines;
- reasonable alternatives do not exist for obtaining the benefit of the proposed plan by a less expensive means; and
- does not exceed the limit of two (2) non-local conferences/seminars per fiscal year, subject to budget limitations.

### **PROCEDURES:**

- *Annually*
  - Due diligence/continuing education plans and associated costs for the upcoming fiscal year will be reviewed in conjunction with the development of the ERP annual budget request. A budget amount will be determined for Board members continuing education independent of Staff's due diligence and continuing education.

- Each member of the Board will report on the training or educational opportunities undertaken, and the methods used to keep current on pension and investment developments, to fulfill his/her fiduciary duty.
- ***Quarterly***
  - The Board will review specific due diligence/continuing education requests (meeting or conference information, estimated costs, and other pertinent information) to ensure compliance with Board policy.
  - The Board will review reports by members and staff on approved due diligence/continuing education requests, including conference information materials that may be examined in Board's offices.
- ***Other***
  - Due diligence/continuing education requests not previously identified through the quarterly review process will be reviewed by the Compliance & Audit Committee, and must be approved in writing by a majority of the committee, and included in the subsequent quarterly report to the Board.

#### **STAFF REQUIREMENT:**

- As defined within the Montgomery County Personnel Regulations, Section 14, Employee Development, funding for employee development obligates the staff member to remain employed with the County for a certain period (depending upon the amount funded) after completion of any department funded training in whole or in part by trust funds or reimburse the trust fund a pro-rated portion of the monies received.

**LOCAL MEETINGS:** Local meetings and engagements associated with business or educational opportunities for Board members or staff, which meet the above referenced objectives and criteria, and which do not exceed the County's petty cash reimbursement limit will not be subject to the aforementioned Board review process.

#### Reference:

Administrative Procedure 1-2, Non-local Travel Guidelines, January 25, 2008  
 Administrative Procedure 1-5, Local Travel Guidelines, April 13, 2007  
 Montgomery County Code, Chapter 19A, Ethics

#### Amended:

July 27, 2012  
 July 22, 2011  
 May 16, 2008  
 January 11, 2008  
 December 7, 2007  
 December 2002